



APRIL 2012 Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through March 31, 2012
provided courtesy of Scott P. Rogers, Coldwell Banker Funkhouser Realtors*



4 bedroom, 2.5 bathroom, 2600 SF City Home w/ producing vineyard for \$285,900 215Rorrer.com

Executive Summary

The summary below is based on residential sales in Harrisonburg and Rockingham County as reflected in the HRAR MLS.

Pace of Home Sales: March

66 homes sold in March 2012, showing an 8.2% increase from March 2011 when 61 homes sold -- and a 35% increase from March 2010 when only 49 homes sold.

Home Values: March

Median sales prices declined 0.41% and average sales prices declined 1.22% when comparing March 2012 to March 2011.

Days on Market: March

Homes sold in an average of 227 days in March 2012, a 4% increase from 219 days in March 2011 and a 4% increase from the 218 day average in March 2009.

Foreclosures

65 trustee deeds have been recorded thus far in 2012 compared to 151 home sales reported through the HRAR MLS.

Inventory

Inventory levels increased in March 2012 to 708 residential properties for sale, up from 665 one month ago, but down from 832 one year ago, in March 2011.

Pace of Home Sales: Year to Date

151 homes sold in the first three months of 2012. This marks a 9% increase from 2011 when 139 homes had sold, and a 3% increase as compared to 2010 when 147 homes sold.

Home Values: Year to Date

Median sales prices increased 0.6% and average sales prices increased 1.7% when comparing 2012 YTD values to 2011 YTD.

Days on Market: Year to Date

The length of time on the market for homes selling in 2012 (250 days) increased 16% since 2011 when the average was 215 days on the market.

Supply

All price ranges still show an excess of housing supply, with 9 months under \$200k, 11 months between \$200k and \$300k, 13 months between 300k and \$400k, and 28 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes declined slightly to \$100/sf in the 1st quarter of 2012, as compared to \$102/sf in the 4th quarter of 2011.

Buyer Activity

87 buyers committed to buy in March 2012, compared to only 75 in March 2011, and 95 in March 2010.

Single Family Home Sales

120 single family homes sold thus far in 2012, compared to a total of 622 in 2011. The median sales price has declined to \$170,875.

Townhouse Sales

31 townhouses sold thus far in 2012, compared to a 2011 total of 169 townhomes. The median townhome sales price has declined to \$133,000 in 2012 from \$144,000 in 2011.

Lot Sales

11 lots of less than an acre sold thus far in 2012, compared to a 2011 total of 60 lots. Median lot sales prices have risen to \$61,000.

Land Sales

6 parcels of land greater than an acre sold thus far in 2012 compared to 49 land sales during all of 2011.

HOME SALES REPORT

Harrisonburg & Rockingham County

April 9, 2012

| # Home Sales | 2009 | 2010 | 2011 | 2012 | % Change ('11 - '12) |
|--------------|------|------|------|------|----------------------|
| March | 57 | 49 | 61 | 66 | 8.20% |
| Year-To-Date | 148 | 147 | 139 | 151 | 8.63% |

| Median Sales Price | 2009 | 2010 | 2011 | 2012 | % Change ('11 - '12) |
|--------------------|-----------|-----------|-----------|-----------|----------------------|
| March | \$210,775 | \$194,000 | \$157,900 | \$157,250 | -0.41% |
| Year-To-Date | \$189,450 | \$175,000 | \$164,000 | \$165,000 | 0.61% |

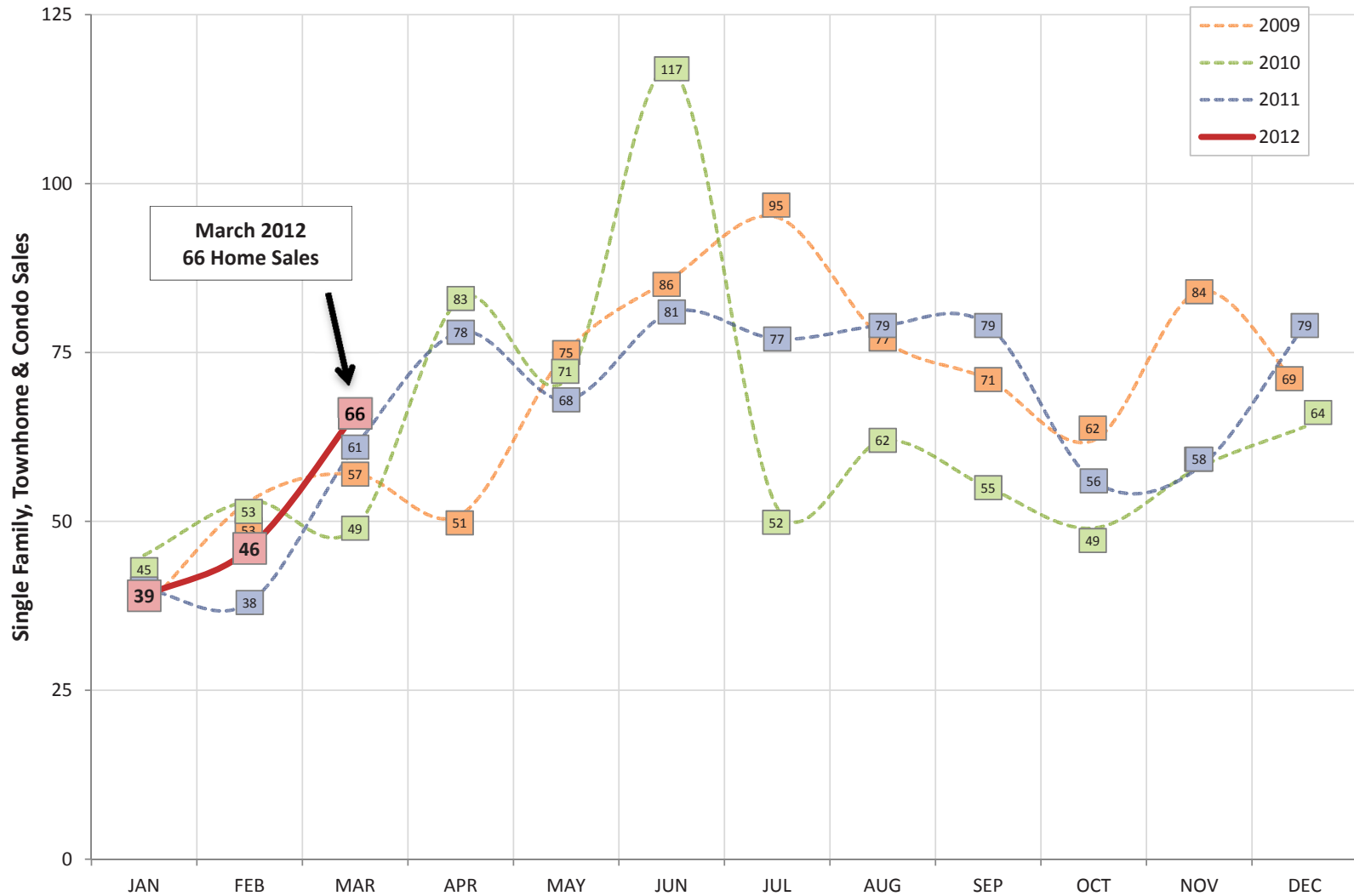
| Average Sales Price | 2009 | 2010 | 2011 | 2012 | % Change ('11 - '12) |
|---------------------|-----------|-----------|-----------|-----------|----------------------|
| March | \$237,353 | \$240,354 | \$172,048 | \$169,944 | -1.22% |
| Year-To-Date | \$231,934 | \$211,078 | \$183,327 | \$186,450 | 1.70% |

| Average Days on Market | 2009 | 2010 | 2011 | 2012 | % Change ('11 - '12) |
|------------------------|------|------|------|------|----------------------|
| March | 186 | 218 | 219 | 227 | 3.65% |
| Year-To-Date | 188 | 190 | 215 | 250 | 16.28% |

Perhaps as a result of the early warm temperatures this year, the Harrisonburg and Rockingham real estate market is showing great signs of further recovery in 2012. March 2012 home sales (66) were the highest in the past four years, as were year-to-date home sales (151). Furthermore, the year-to-date median sales price

has increased over the past year (+1%) as well as the average sales price (+1.7%). Average days on market continues to increase, however, now at 250 days for the first three months of 2012, up 16% from one year prior.

Harrisonburg & Rockingham County Month-By-Month Home Sales History

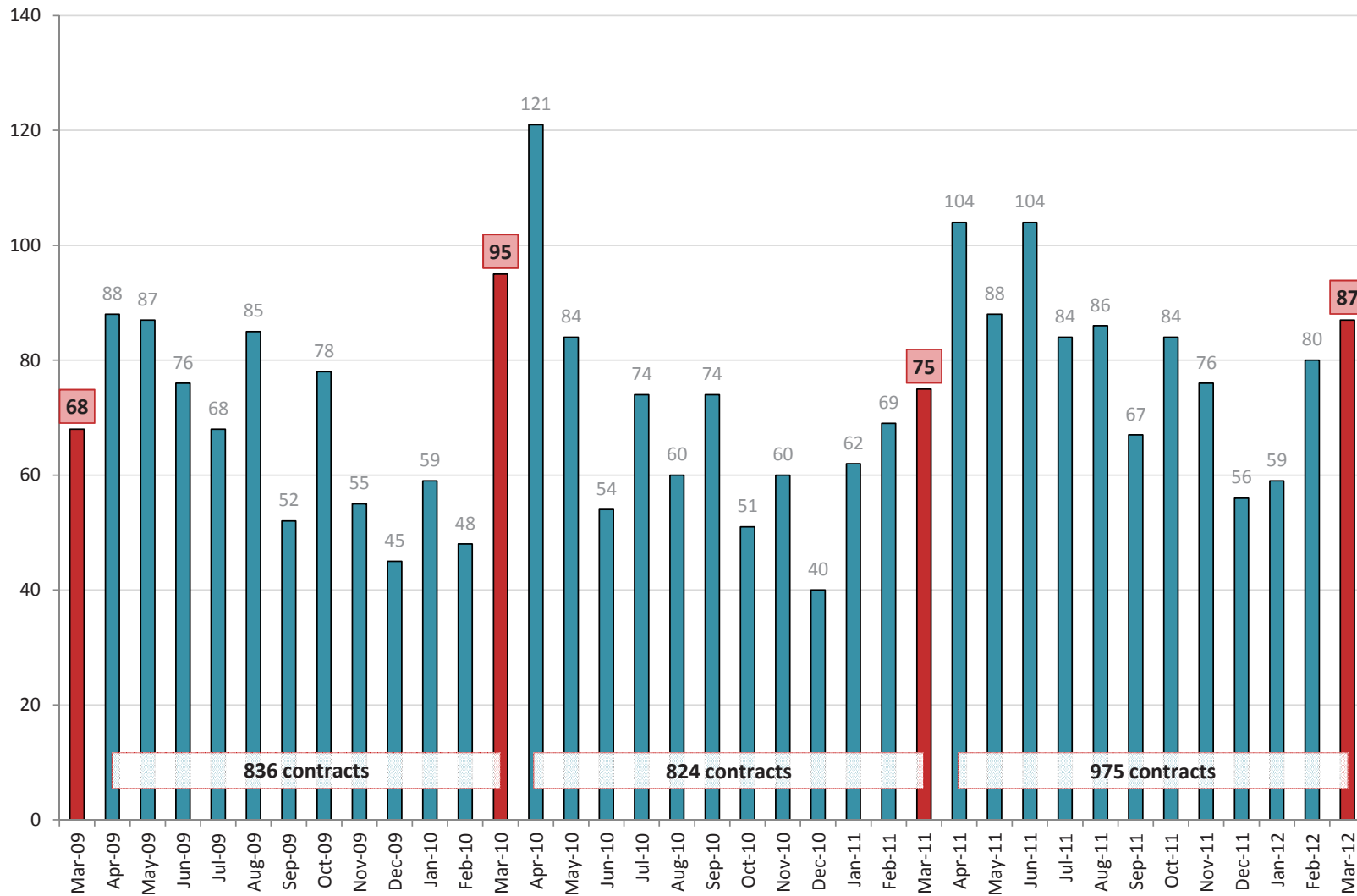


March 2012
66 Home Sales

March 2012 was a fantastic month for home sales in Harrisonburg and Rockingham County, with 66 home sales closing -- the highest we have seen in the past four years. This sets the year up with a strong base as we move into the remainder of the spring and then summer market. April home sales have hovered right around

80 during the past two years, thus we should likely expect 80 to 85 home sales in April 2012. After an overall increase in home sales between 2010 and 2011, it looks like we may experience yet another overall increase in sales this year.

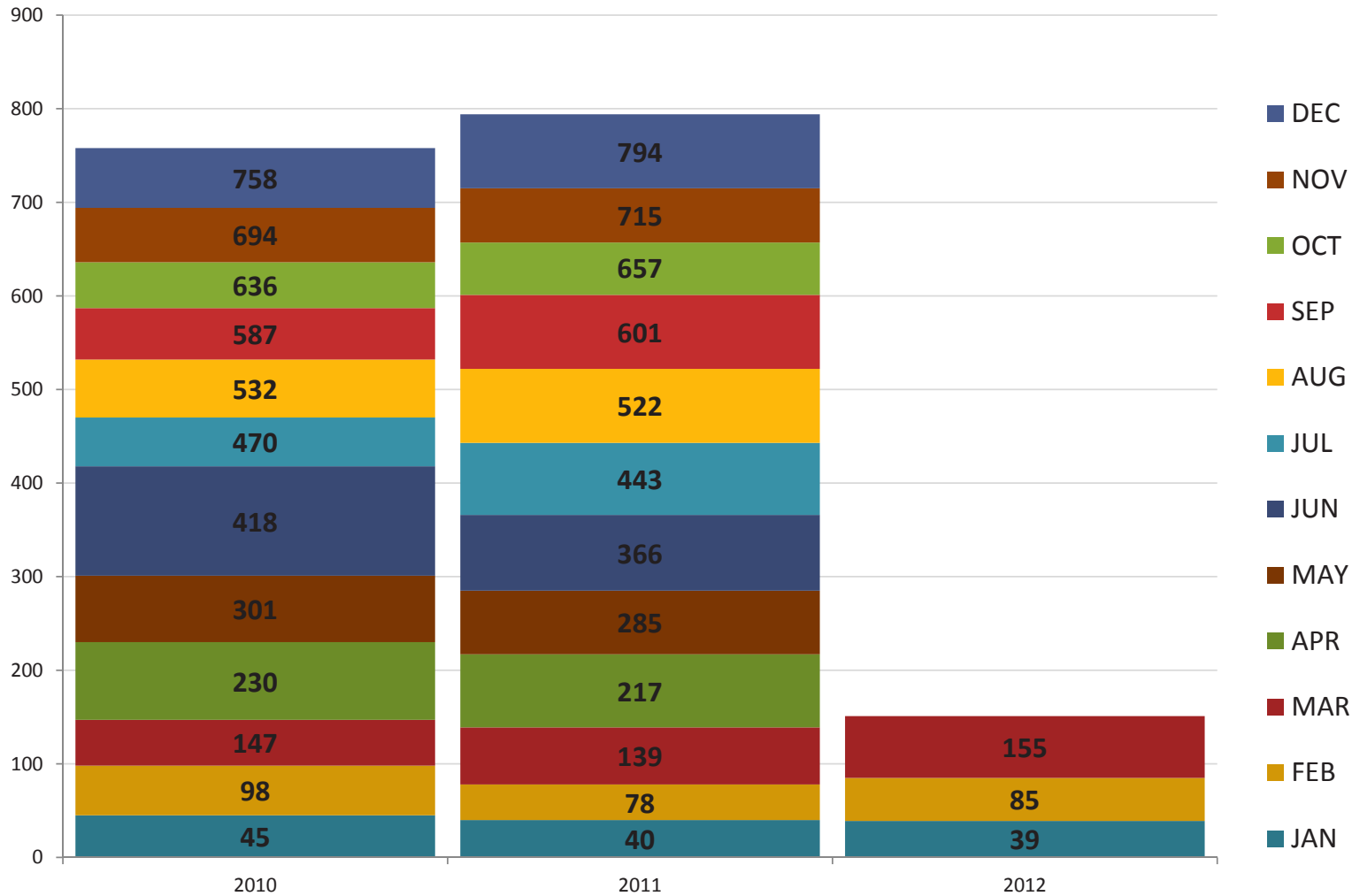
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Buyers were out in full force again during March 2012, signing 87 contracts to purchase real estate in Harrisonburg and Rockingham County. This is the highest rate of buyer activity we have seen in the past nine months -- higher even than June

and July of this past year. Furthermore, this rate of buyer activity (87/m) is up 16% over last March (75) -- and the annual rate of buyer activity (975/y) is up 18% over the prior 12 months (824/y).

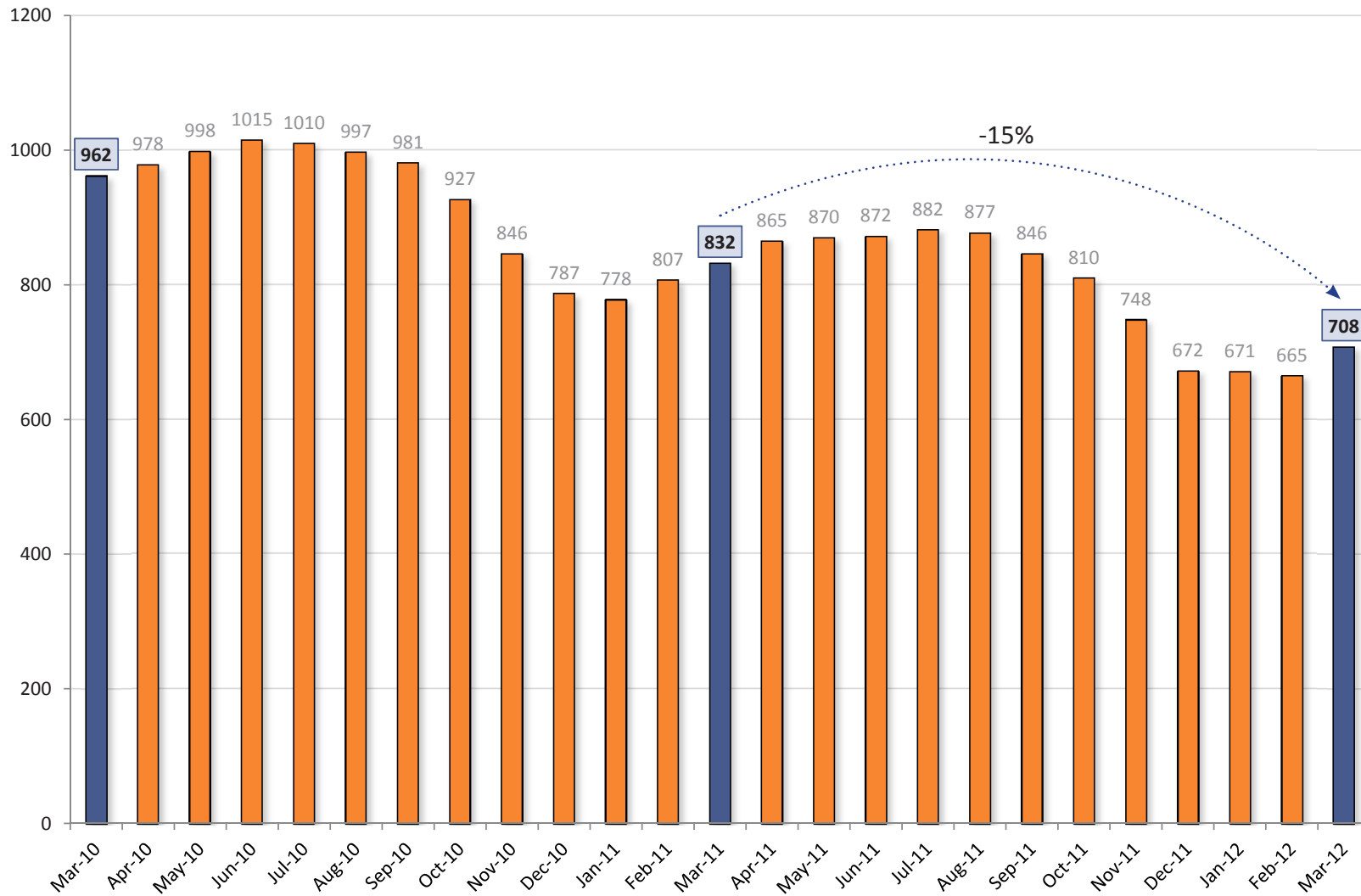
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (794) exceeded 2010

home sales (758), and this year is off to a good start with stronger year-to-date sales (155) as compared to both 2011 (139) and 2010 (147).

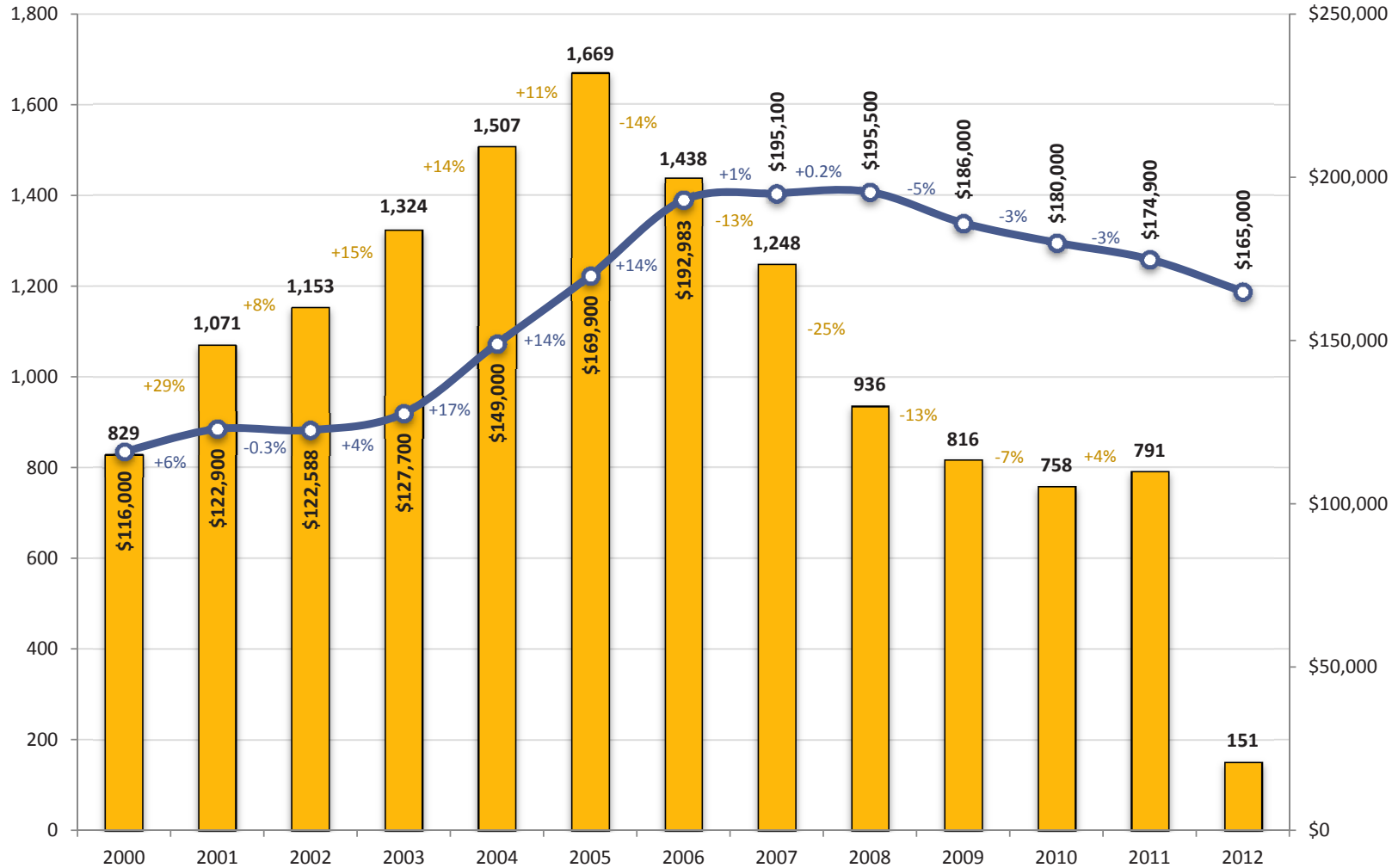
Harrisonburg & Rockingham County
Inventory Levels



After several months of surprising declines in housing inventory, we are now finally starting to see the expected seasonal increase in the number of homes for sale in Harrisonburg and Rockingham County. That said, housing inventory has declined 15% over the past year, and 26% over the past two years. One sign of an eventual

return to balance in our local housing market is that the number of sellers in the market (708) is down 15% as compared to a year ago, and the number of buyers in the market (151 in Q1) is up 9% as compared to a year ago (139 in Q1).

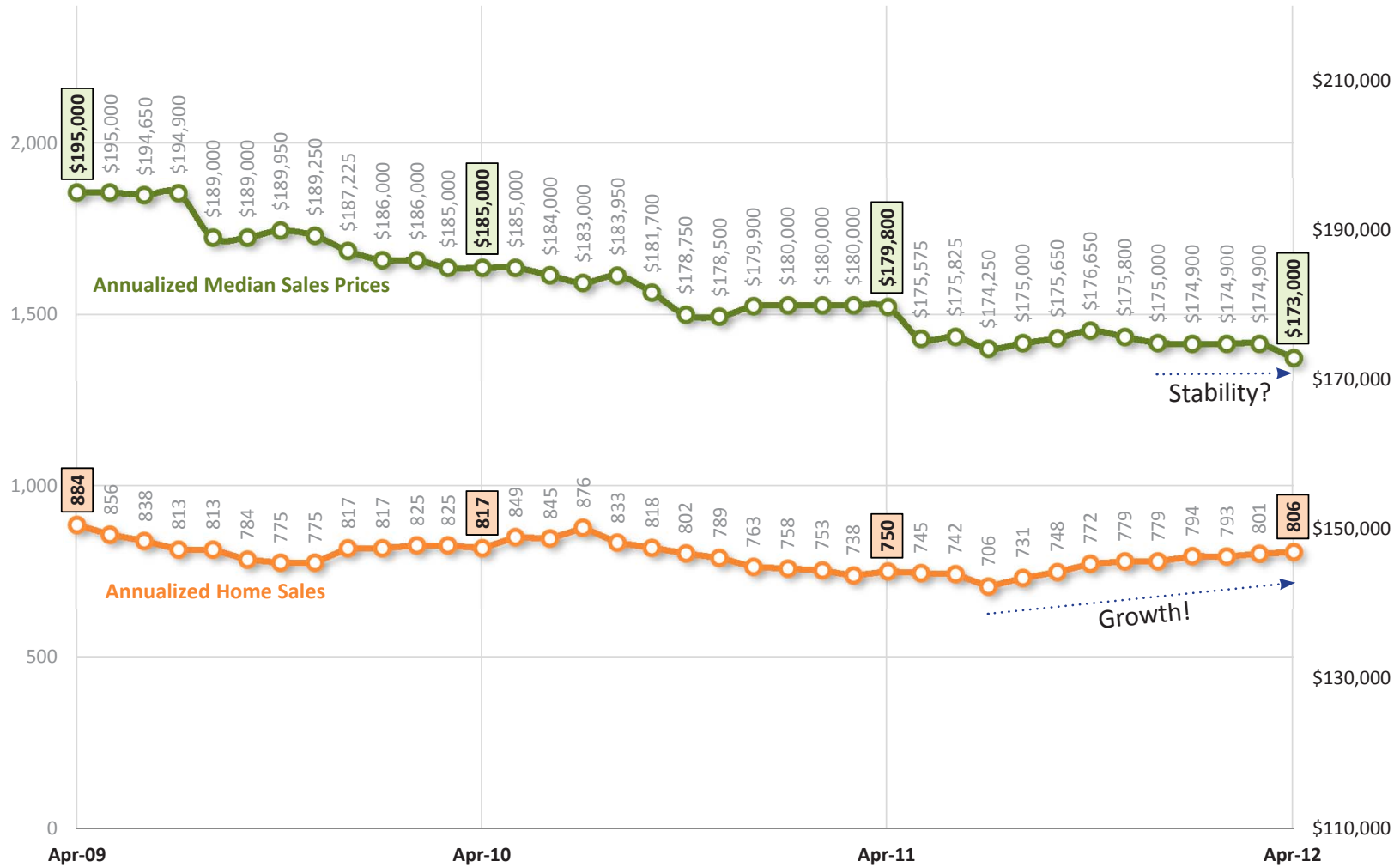
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year (since 2000) as well as changes in the median sales price during the same time period. After five years of declines in

home sales (2005-2010) the pace finally picked up in 2011 with a 4% year-over-year increase. With stronger YTD sales in 2012, we will likely see further improvement in the pace of home sales, though perhaps an additional small decline in home values.

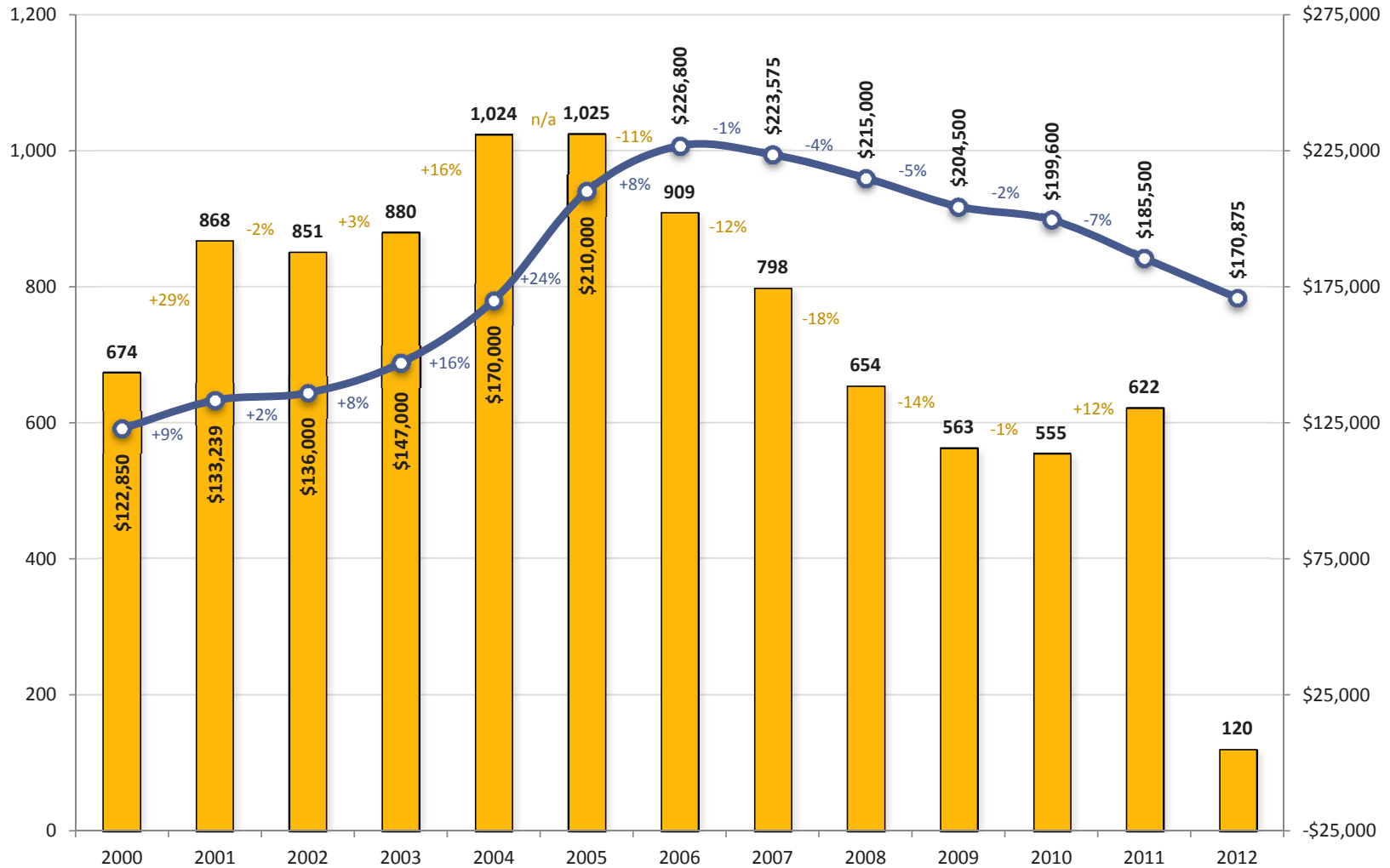
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



This graph shows a rolling 12 months of the number of home sales in the Harrisonburg and Rockingham County area, as well as the median price of the homes that sold during these time frames. Each data point is showing one year's worth of home sales, which eliminates the volatility of evaluating sales figures on a month-by-

month basis. Over the past three years we have seen a 9% decline in annualized home sales and a 11% decline in median sales prices. It is interesting to note that the annualized pace of home sales has been steadily increasing over the past nine months, and prices have started to show signs of stability in the past five months.

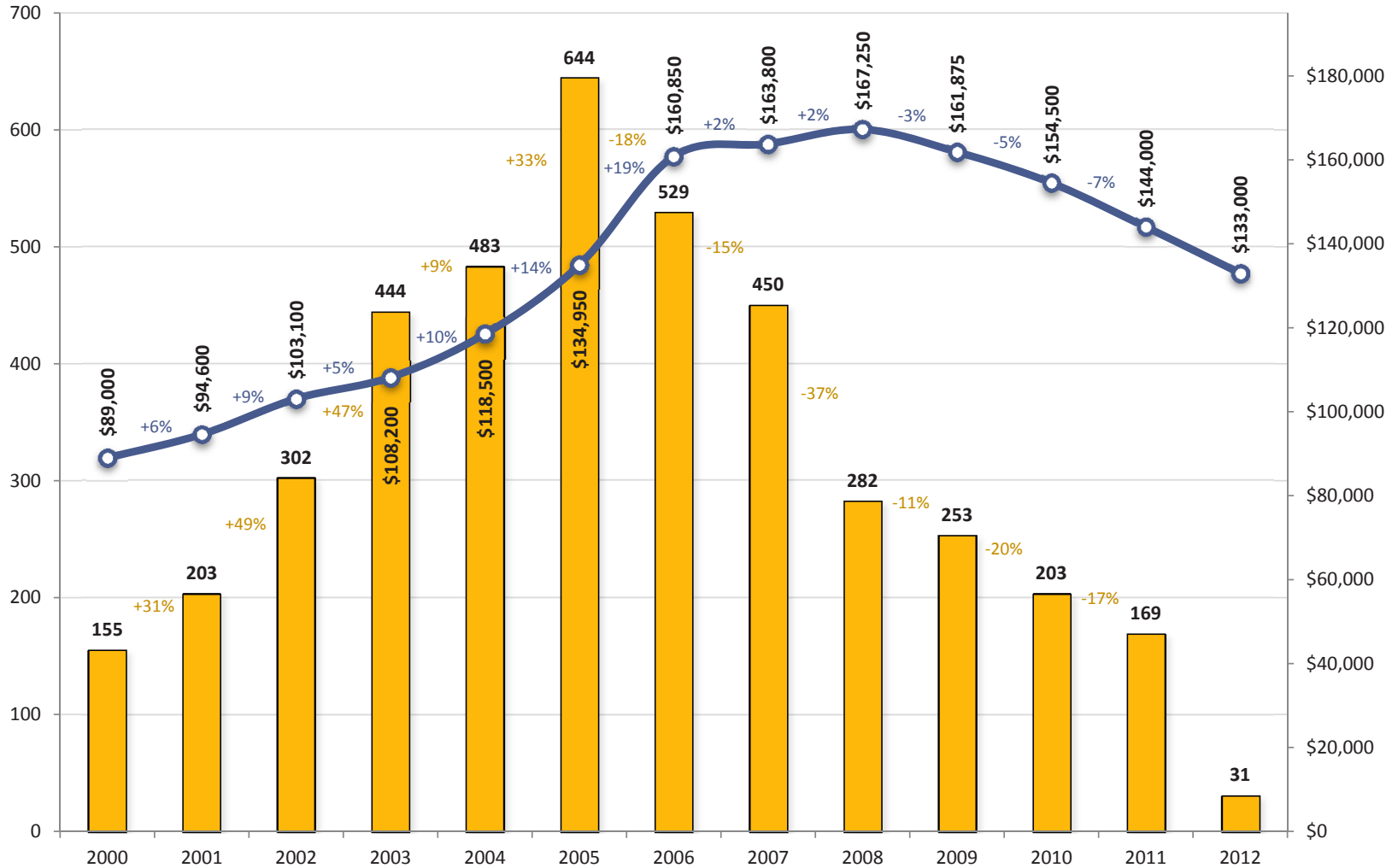
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



The single family home market in Harrisonburg and Rockingham County seems to be recovering quite nicely compared to the overall market. Last year, the pace of home sales in the single family home market increased by 12% -- nearing 2008 sales

levels with 622 sales. Single family homes are likely to perform well again in 2012, however median prices continue to decline, now at \$170,875 for the first three months of 2012.

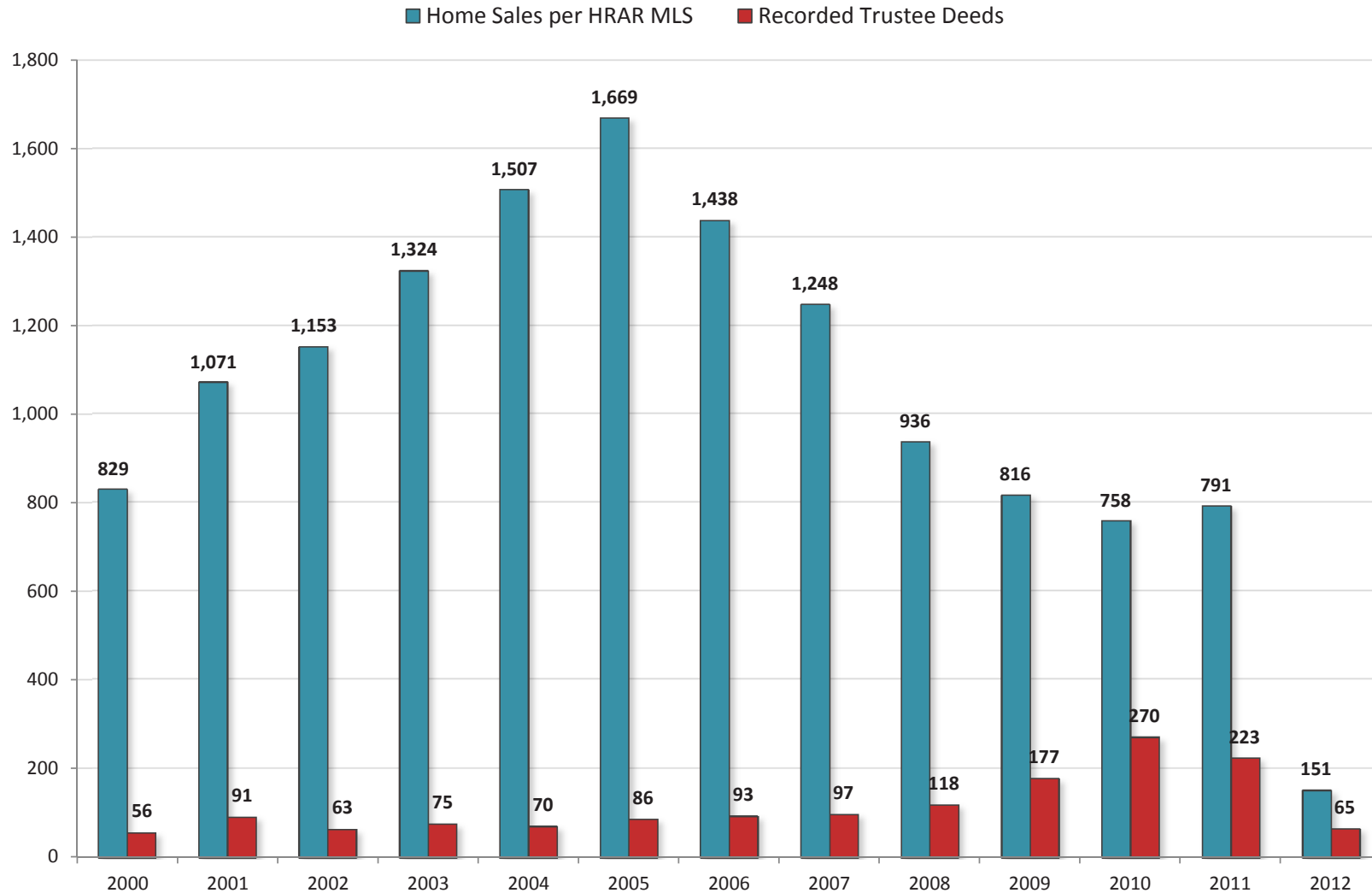
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



If the single family home market is stabilizing, it is at least partially at the expense of the townhouse market. The final count of 169 townhouse sales in 2011 marked a 17% year-over-year decline in townhouse sales --- from an extraordinary peak of 644

sales in 2005. Townhome sales thus far in 2012 have started to pick up pace in March, with 31 year-to-date closings. Median sales prices are continuing to decline, with an overall change of -8% when comparing 2012 YTD to all of 2011.

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

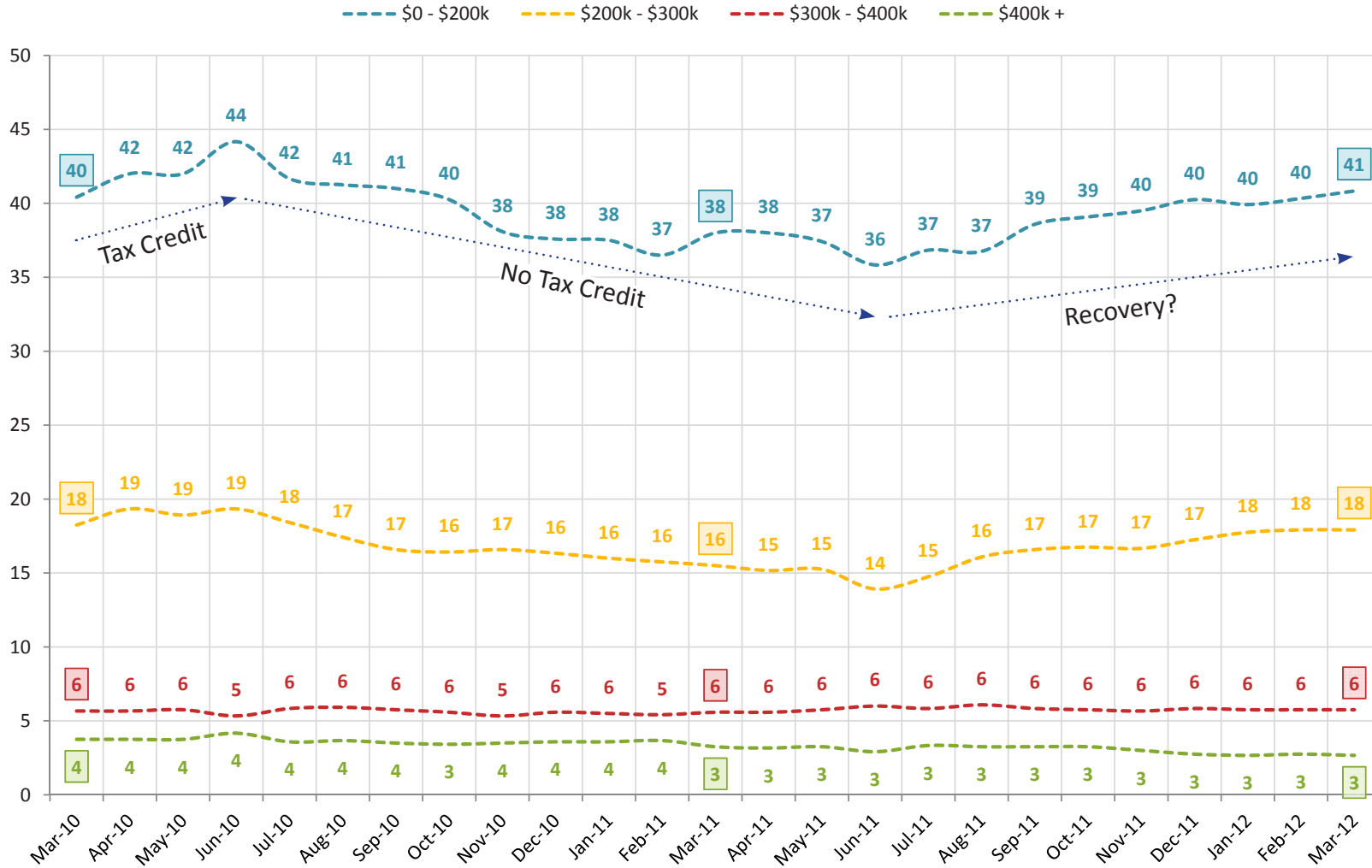


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the number of Trustee Deeds

recorded during each of the past 10+ years. Some of these foreclosed properties then show up in the blue bar when they are listed and then sold as bank owned properties. The good news is that home sales finally increased in 2011 (after a 5 year decline) and foreclosures finally decreased in 2011 (after a 6 year increase).

Harrisonburg & Rockingham County Home Sales by Price Range

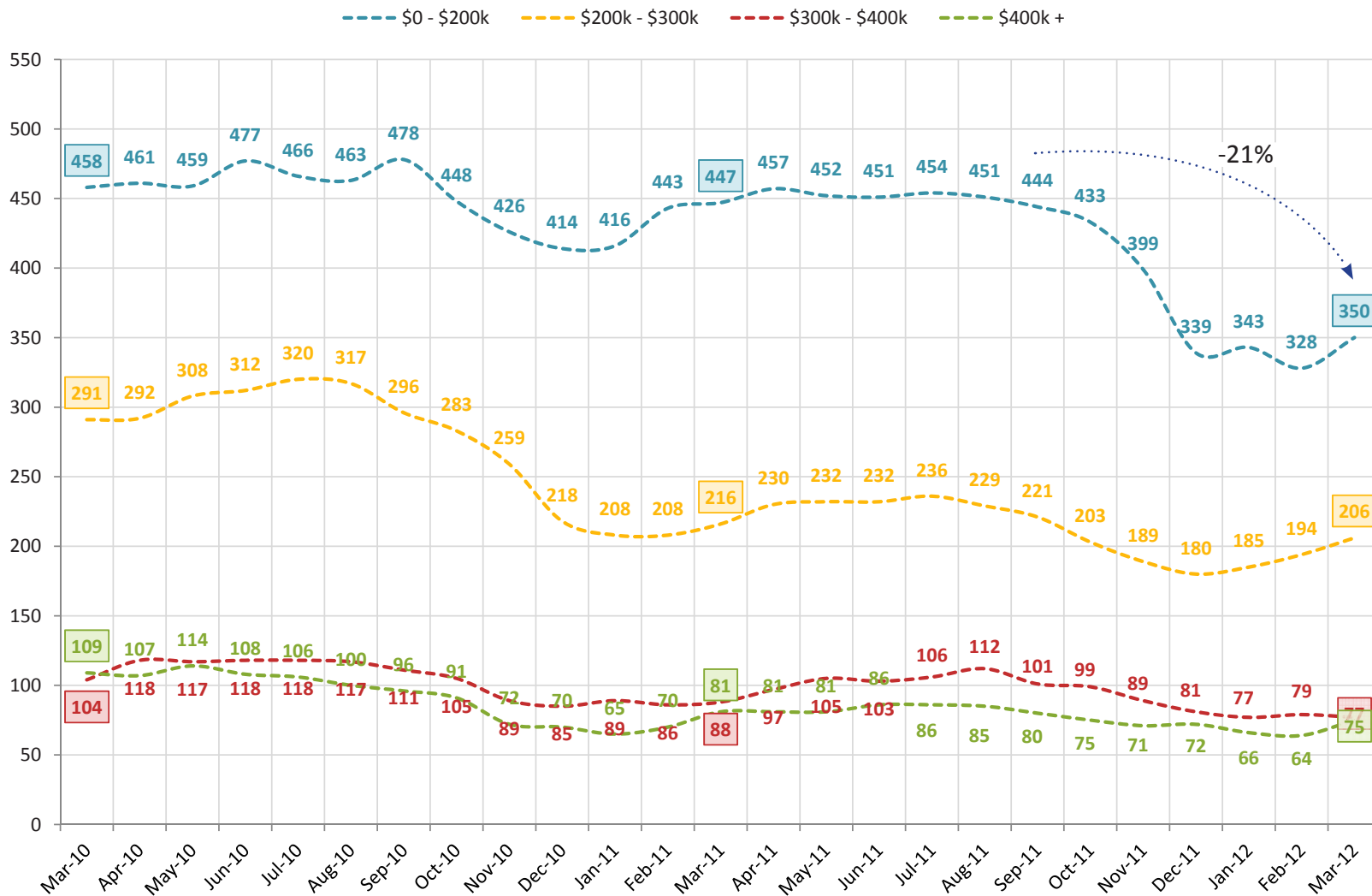
(Average of Past 12 Months)



The pace of home sales certainly varies based on price range. The graph above shows the average number of home sales per month (given a 12-month average) as we have passed through the past two years. You'll note that the sale of homes for less than \$200,000 increased through June 2010 and then declined for the next 12

months. This phenomenon is almost positively a result of the federal home buyer tax credit that encouraged these sales during 2009 and 2010. Of note, however, this segment of the market (under \$200,000) has shown steady increases since June 2011, as has the \$200,000 to \$300,000 market.

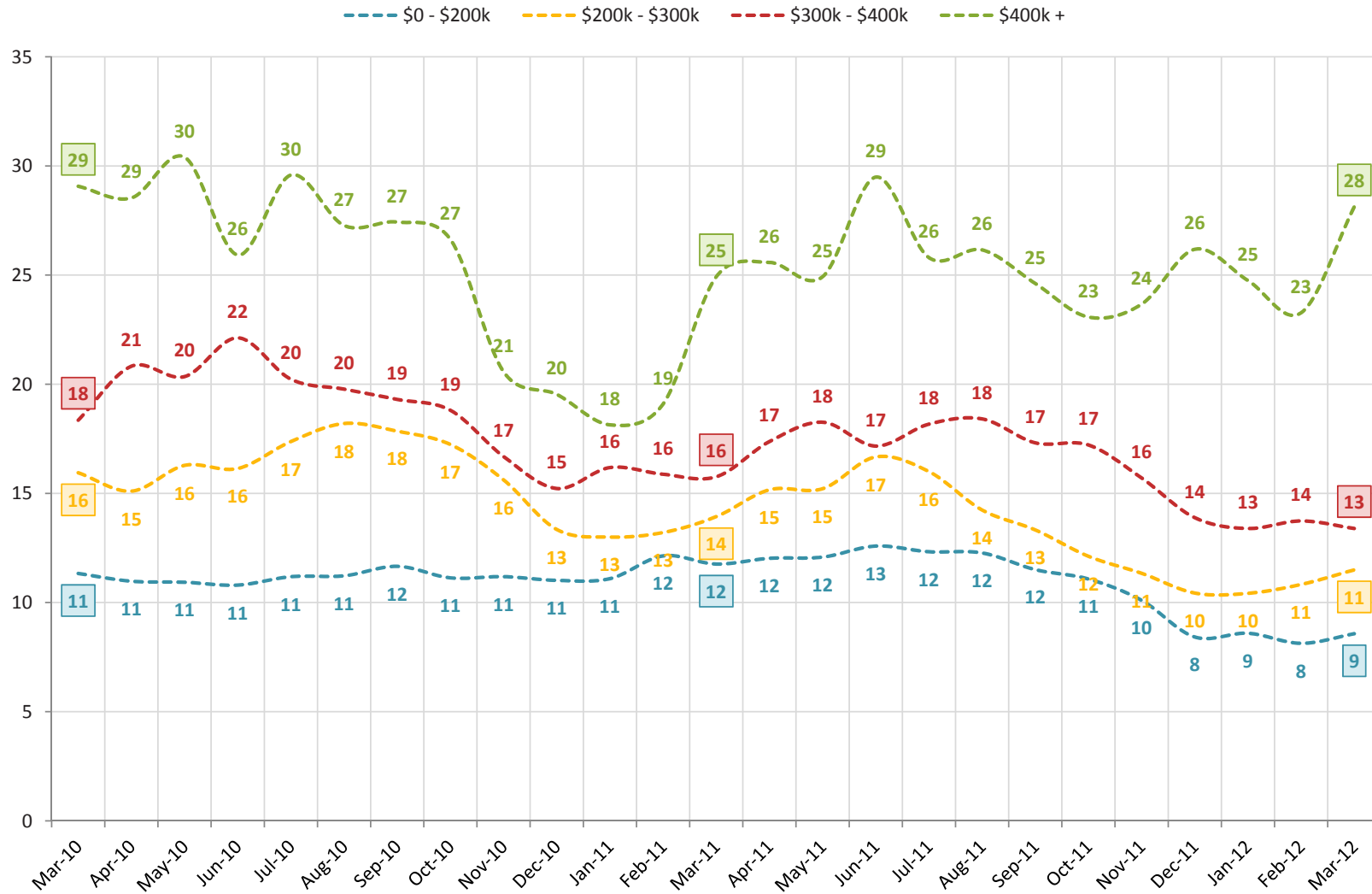
Harrisonburg & Rockingham County Inventory Levels by Price Range



Inventory levels have declined across the board over the past two years, but the changes have been quite different based on list prices. The most significant change has been in homes under \$200,000 -- just six months ago there were 444 such properties for sale, and today there are only 350 for sale -- this marks a 21% decline

in inventory. While we should expect that inventory levels will increase during the spring and summer markets, the overall declines in inventory over the past two years are definitely making a difference in helping to return us to greater balance in the local housing market.

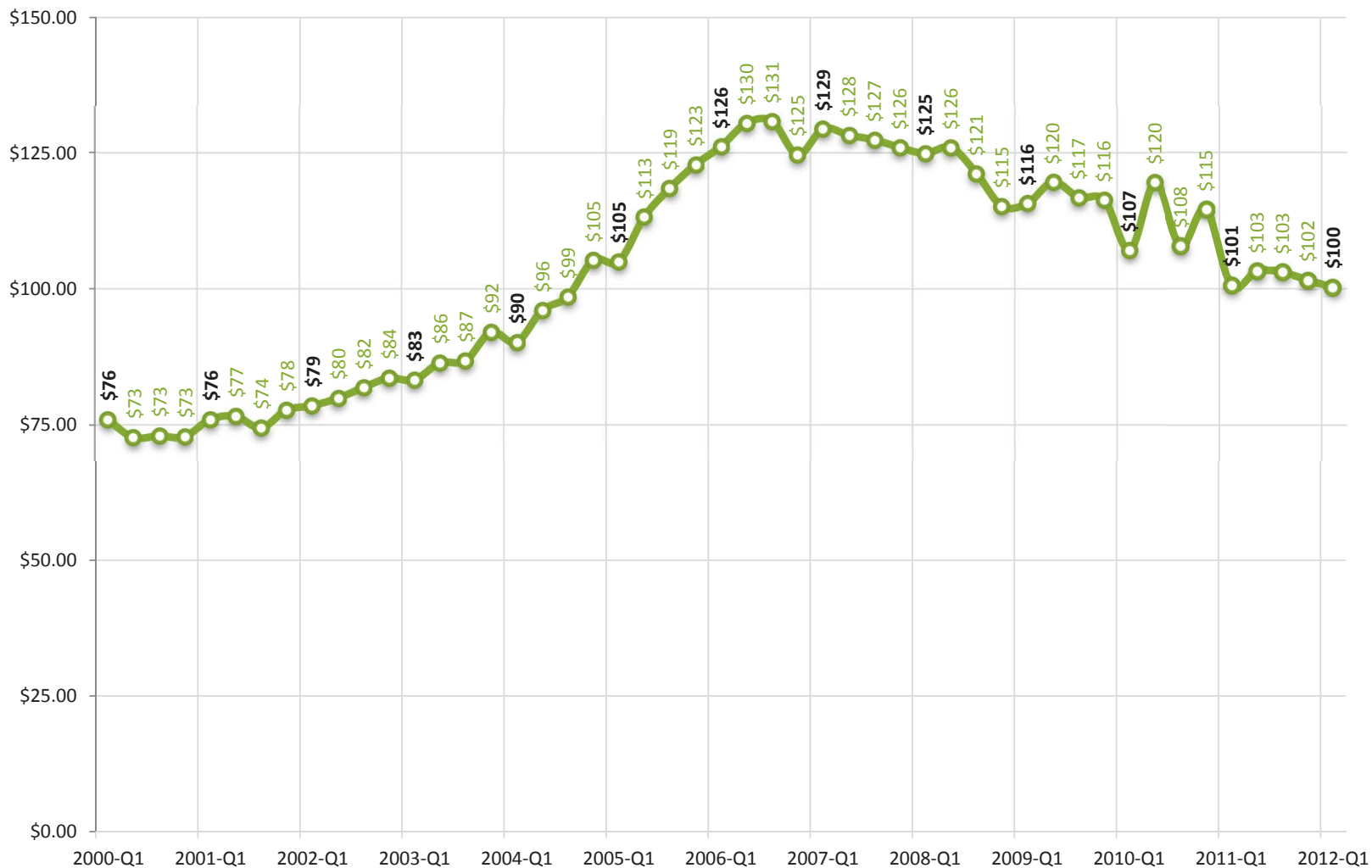
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in our local real estate market. The graph above illustrates that it would take 28 months to sell all of the homes currently for sale over \$400K if the same number of buyers bought each month as

have been buying (on average) over the past 12 months. Many experts consider a six months supply of housing to be a balance between buyers and sellers in the market, and it is remarkable to note that we are finally starting to near that balance in the under \$200K market, where only 9 months of supply are available.

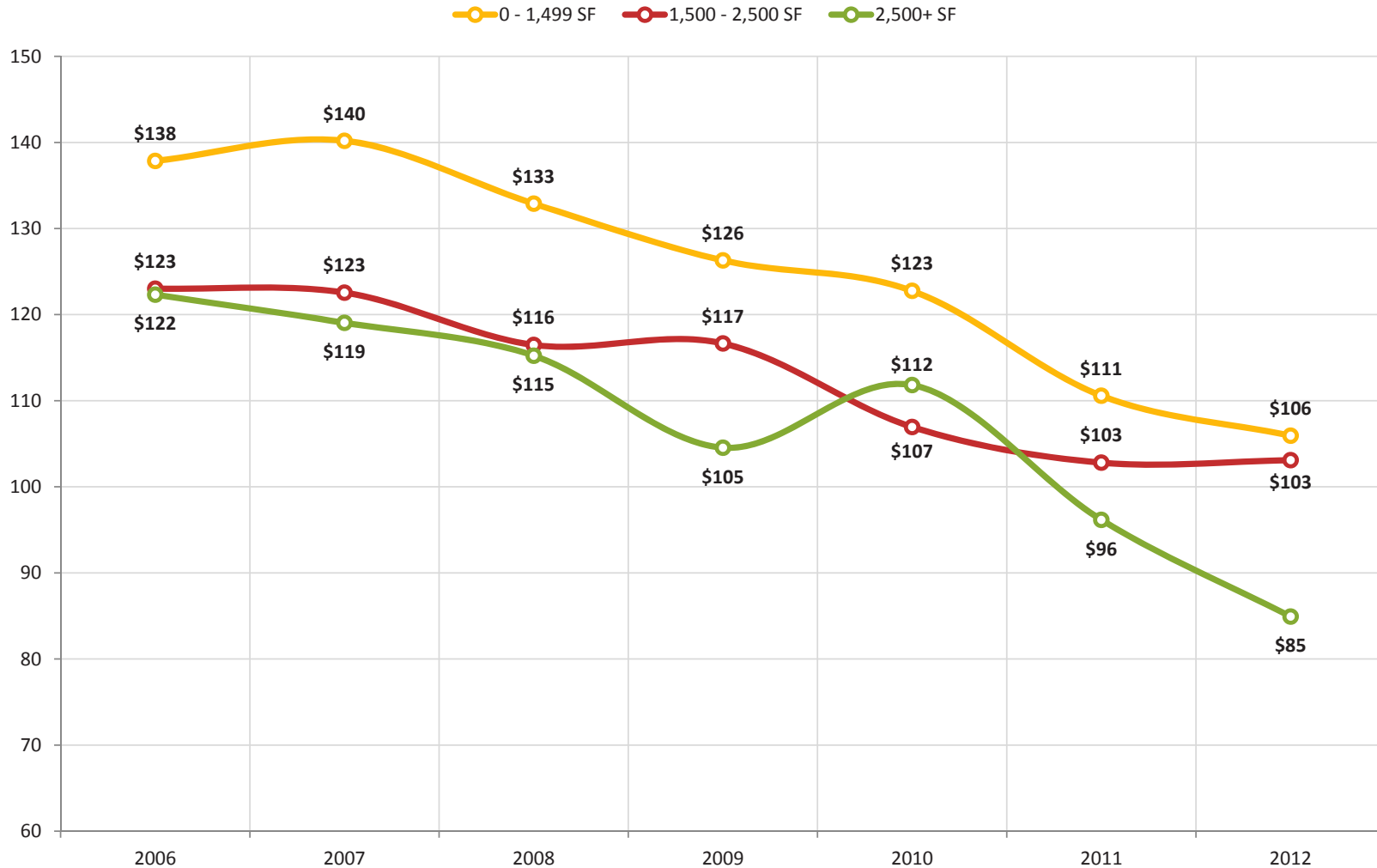
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



In addition to monitoring home values by overall median sales prices in our market, it can be insightful to examine the median price per square foot of homes that are selling. The graph above shows the median price per square foot of all single family homes sold over the past 10+ years. The value trend captured by this graph is quite

similar to the trend shown in the single family home median sales price during the same time, which validates that assumed set of changes in home values. However, the median price per square foot of single family homes sold has been staying relatively level through 2011 and 2012 -- a trajectory we have not seen recently.

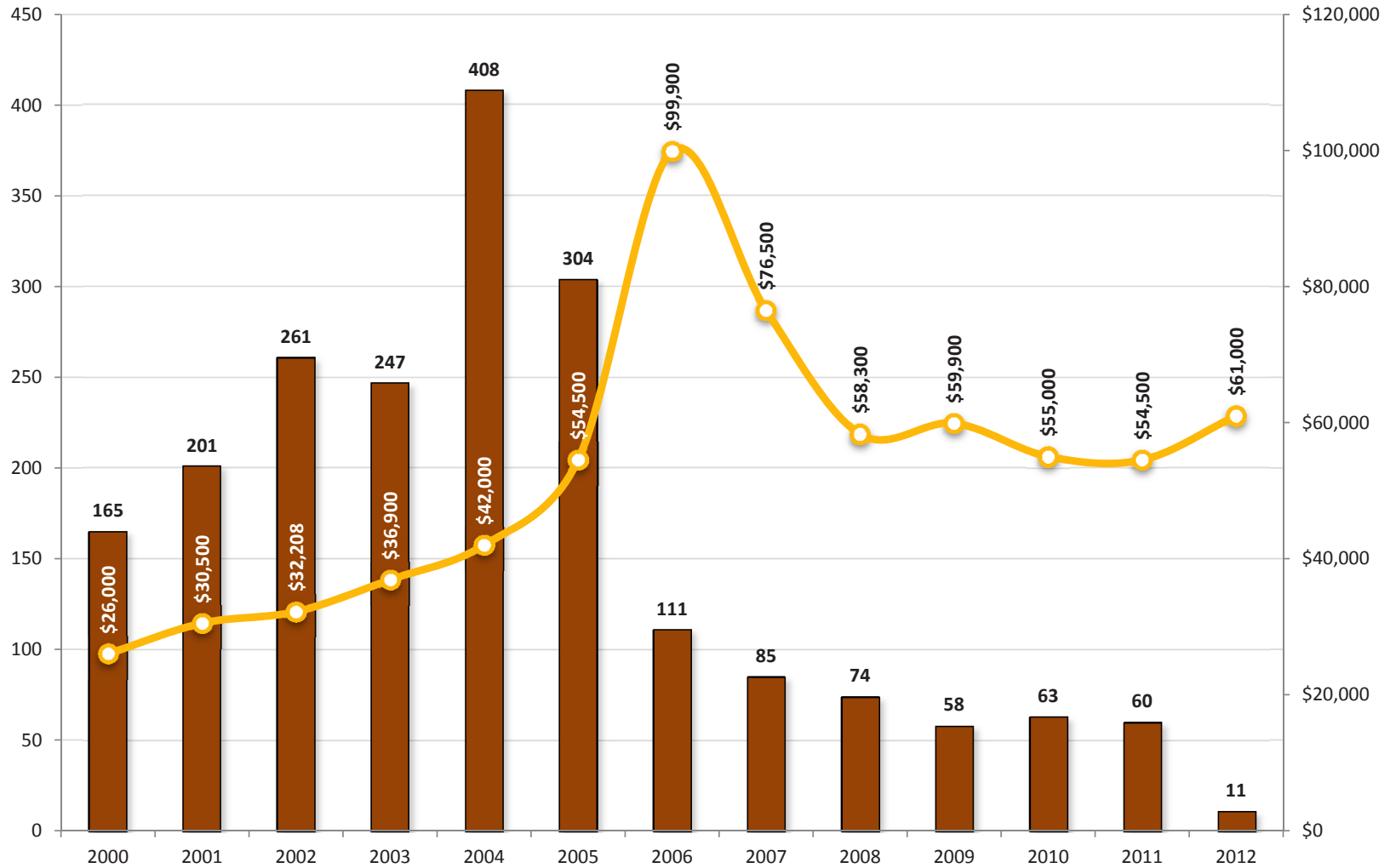
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Price per square foot of single family homes certainly varies for many reasons, including the age, location, lot size and structural characteristics of each home sold. However, there are some similarities in homes of a similar size. This graph illustrates that the median price per square foot of larger homes (2500+ SF) is a good bit

lower (\$85/SF) than homes that offer less than 1500 SF (\$106/SF). These values cannot be used as an absolute standard against which the value of any home can be measured, but they can provide some helpful guidance when trying to determine the value of a home that is for sale, or may be for sale in the near future.

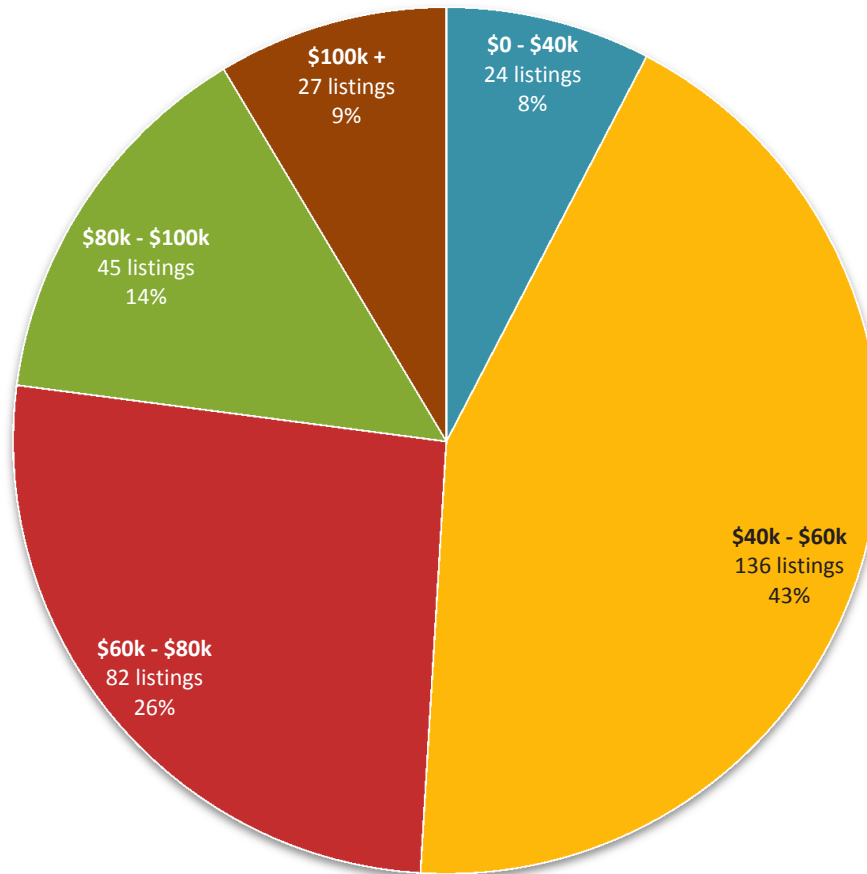
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they may have finally stabilized in 2011. In 2009, there were 58 lot sales of less than an acre, in 2010 that increased to 63 sales, and 2011 finished out with 60 sales. The median sales price of these lots under one

acre may have also starting to increase, at least when examining 2012 YTD data to 2011 median sales prices. This segment of our local housing market has become relatively predictable -- presumably we will see around 60 such sales in 2012 with a median price between \$55,000 and \$60,000.

Harrisonburg & Rockingham County
Price Distribution of Active Lot Inventory
 less than 1 acre

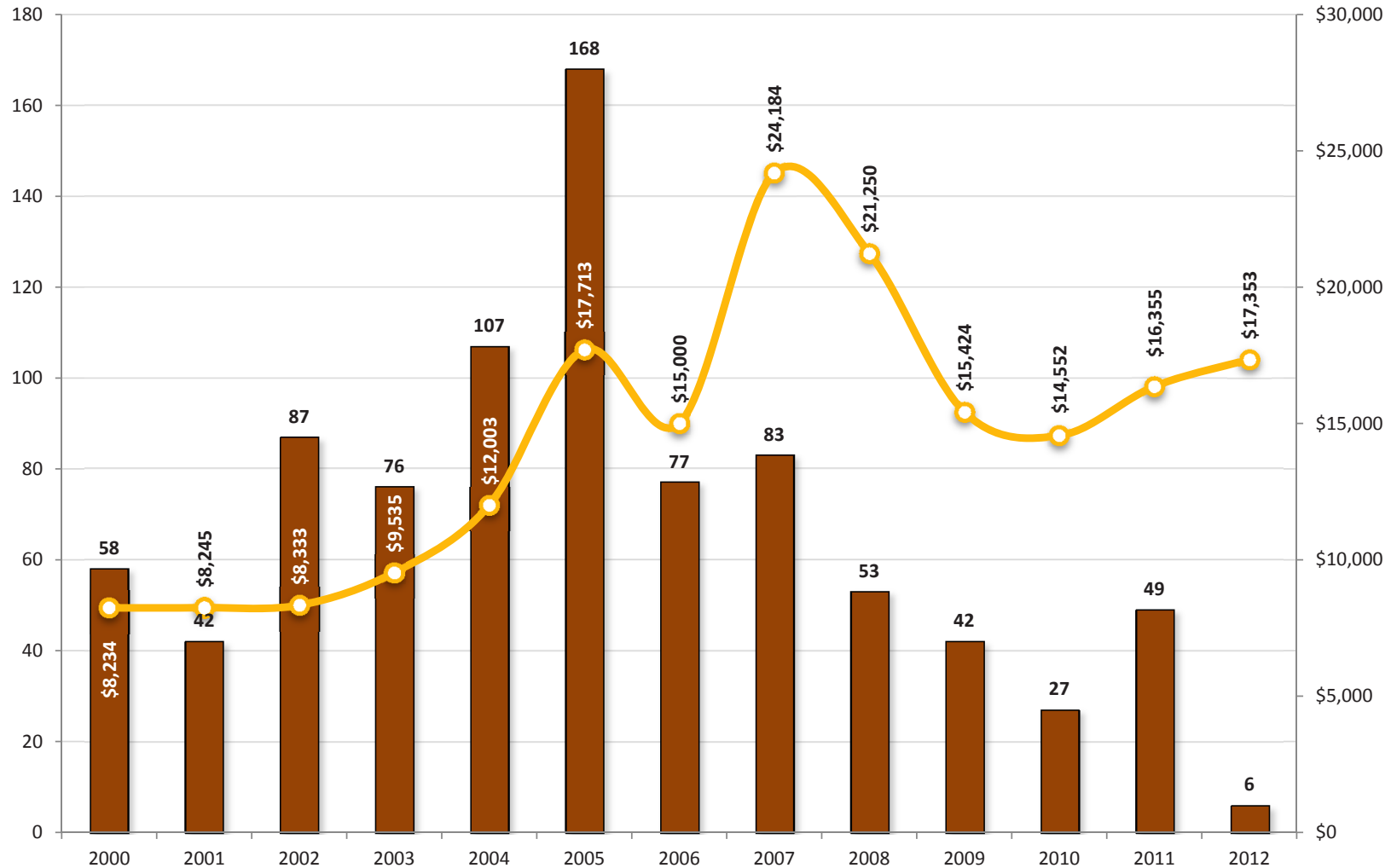


314 Active Lot Listings; Median List Price: \$60,000

Despite the fact that only 60 lots (of less than an acre) sold in all of 2011, there are a remarkable 314 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$60,000) is relatively similar to the 2012 YTD median sales price of \$61,000. Given last year's 60 lot sales, if no

other lots were listed for sale, it would take just over five years to sell all of the lots currently listed for sale. As you can see above, 49% of the lots currently listed for sale are priced above \$60,000 --- thus many sellers are have offering prices much higher than the 2011 median sales price of \$54,500.

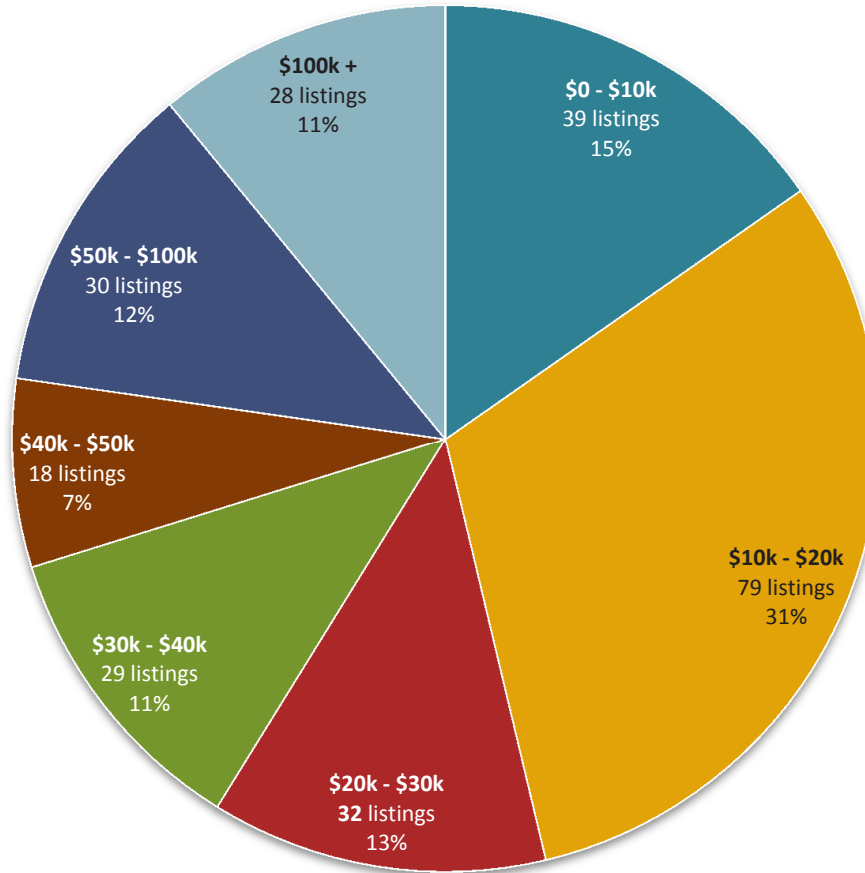
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2011 as compared to both 2009 and 2010. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but there were a total of 49 such sales during 2011. This increase in the pace of sales is very likely causing the

increase in median price per acre that was experienced between 2010 and 2011. Despite a slower pace (6 sales) thus far in 2012, the median price per acre continues to increase -- currently at \$17,353 per acre during 2012 year-to-date.

Harrisonburg & Rockingham County
Price/Acre Distribution of Active Land Inventory
 1 acre or more

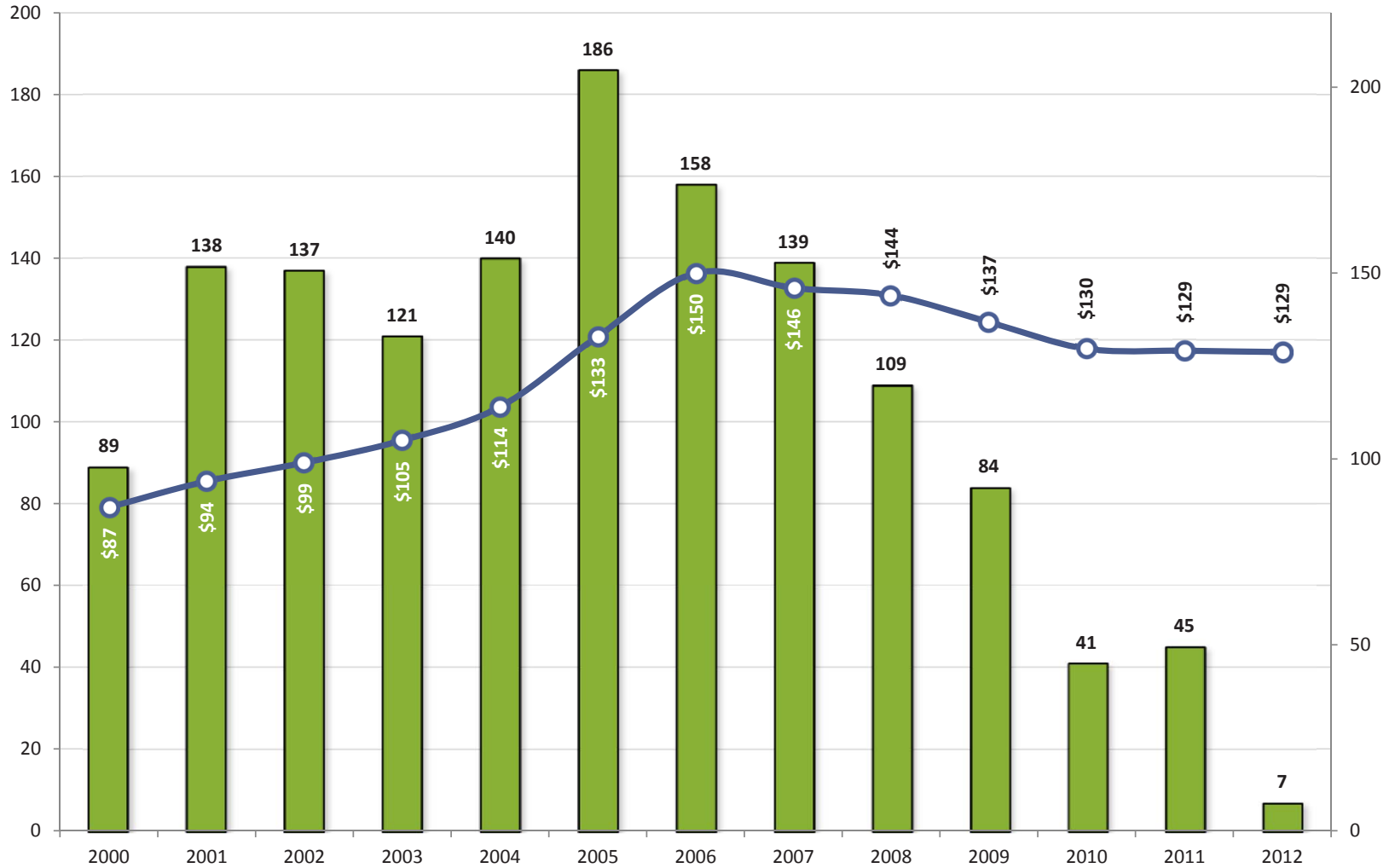


255 Active Land Listing; Median List Price: \$22,993/ Acre

Despite the fact that only 49 parcels of land (of one acre or more) sold in all of 2011, there are a remarkable 255 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$16,000 per acre, the median list price of the 256 parcels for sale is currently \$22,993 per acre. Given

last year's 49 land sales, if no other land is listed for sale, it would take just over five years to sell all of the parcels of land currently listed for sale. As you can see above, the vast majority of land listed for sale is listed at median prices per acre well above the median sales price per acre.

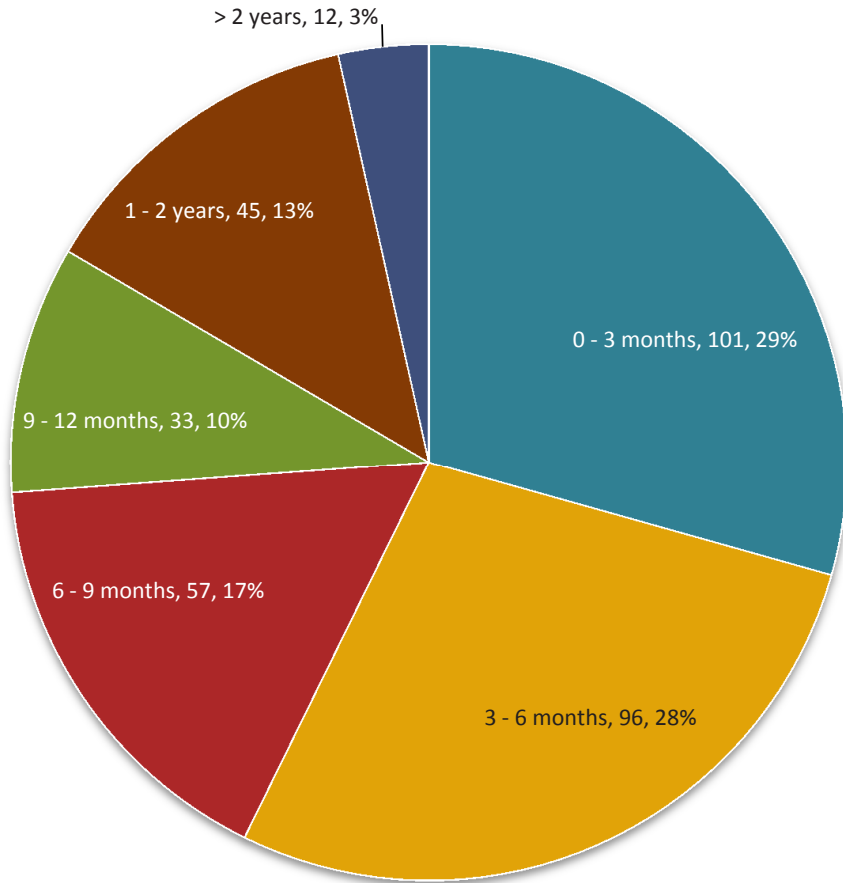
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home builders finally saw an increase in the pace of new home sales during 2011 -- after a steady decline since 2005. This small increase (42 to 45), however, still leaves plenty of room for improvement. It is interesting to note that not only has the pace of new home sales started to stabilize, the median price per square

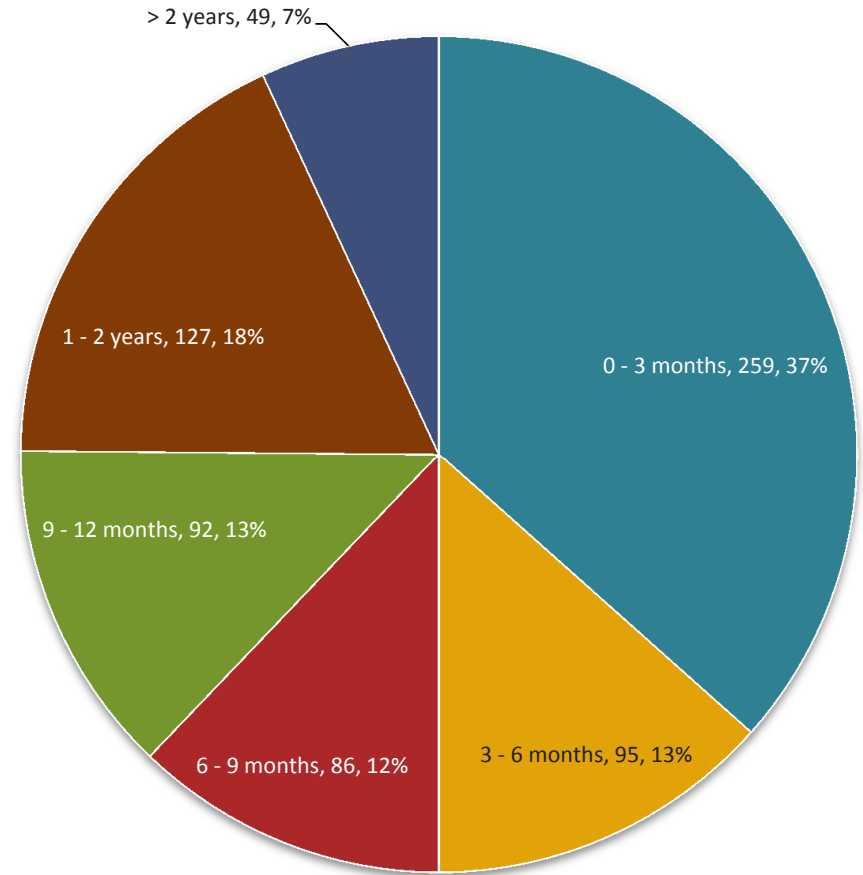
foot is also showing some signs of steadying, with only a very small decline between 2010 and 2011. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Oct '11 - Mar '12



Average Days On Market: 222

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

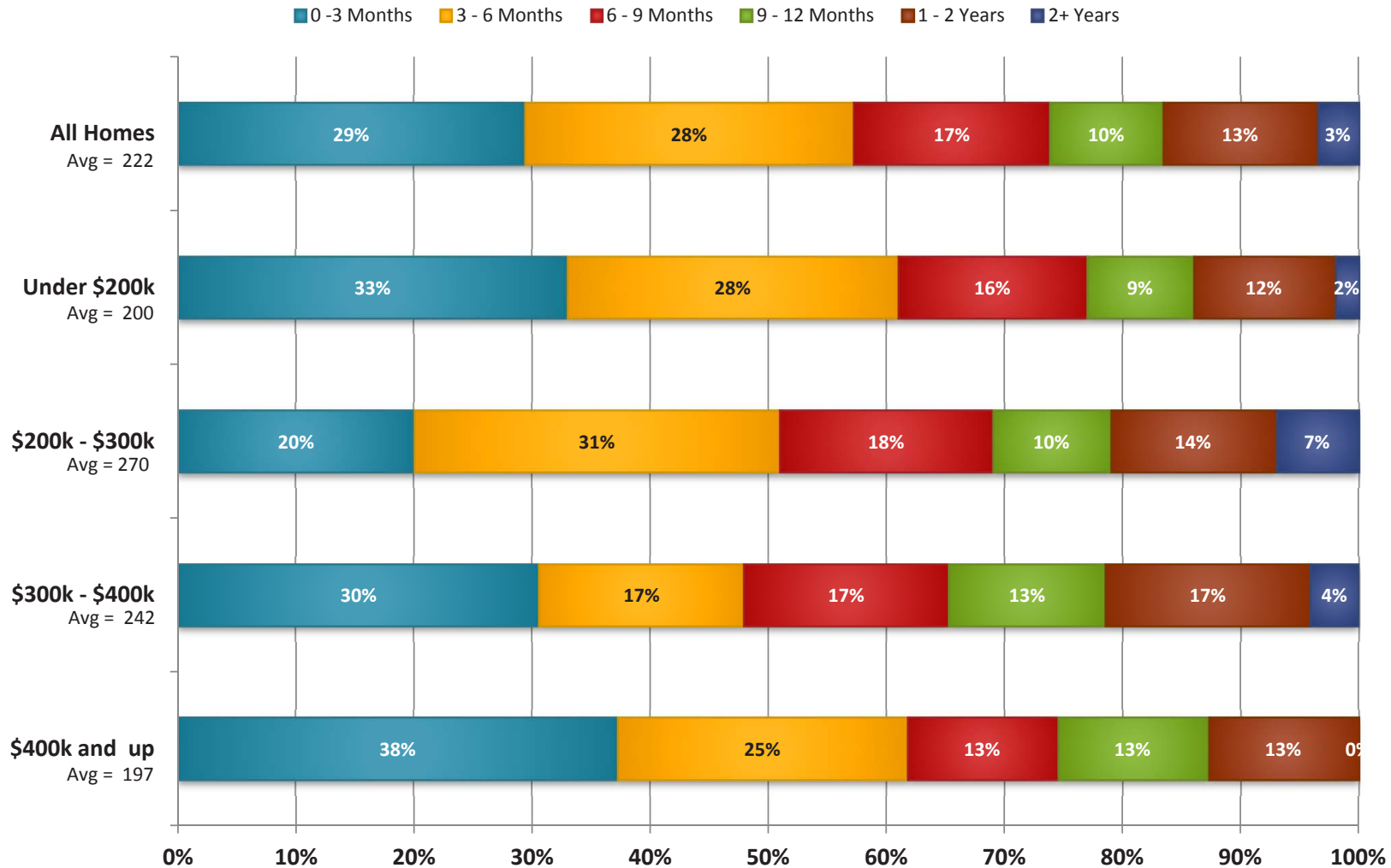


Average Days On Market: 272

Despite high inventory levels, and not too many buyers being in the market, the homes that are actually selling are selling rather quickly. In fact, nearly 1 out of 3 homes (29%) that sells closes less than 90 days after being listed for sale. Include with that those that close in the next 90 days and we find that an amazing 57% of

homes that sell have closed within six months of first coming on the market. This is not, however accounting for the many homes that never sell -- that linger on the market, or are eventually taken off the market. The lesson here is the importance of pricing correctly from the start in order to sell in a reasonable time frame.

Harrisonburg & Rockingham County
Days on Market Analysis by Price Range
 Oct '11 - Mar '12



The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, a full 63% of homes that sold over \$400,000 sold in the first six months of being on the market, while only 20% of homes between \$200,000 and \$300,000 were able to sell in that same time period.

Also, there were no sales of homes over \$400,000 after having been on the market for one year, despite such sales happening in all other price ranges. This offers some interesting implications for current listings priced over \$400,000 that have been on the market for longer than a year.

Average 30-Year Fixed Mortgage Interest Rate

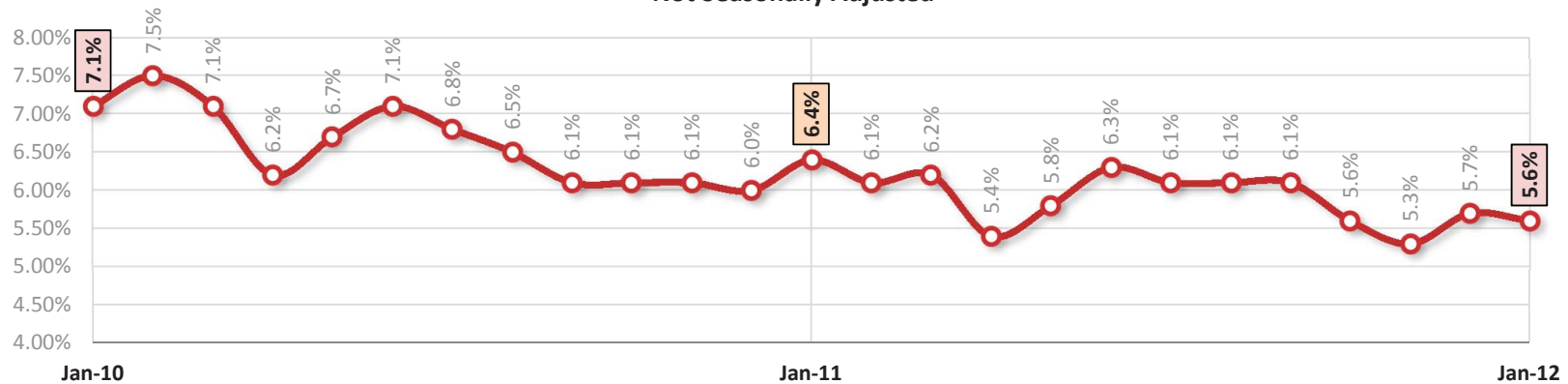
Source: Freddie Mac



Harrisonburg-Rockingham MSA

Unemployment Rate

Not Seasonally Adjusted



As shown in the top graph above, home buyers continue to find amazingly low interest rates on 30-year fixed rate mortgages, with the current average rate of 3.99% continuing the five-month streak of staying below 4.0%. Despite consistent warnings that interest rates will be increasing, they have not been above 5% since

early 2010. The second graph above illustrates trends in the local unemployment rate -- which showed levels below 6% for most of the past several months, and a slight decline (to 5.6%) during the past month.

Scott P. Rogers, Associate Broker



Scott P. Rogers, an Associate Broker with Coldwell Banker Funkhouser Realtors, has built a successful real estate career around providing valuable market data, insight and analysis to buyers, sellers, investors and developers. From first time home buyers to builders and developers, Scott provides exceptional and comprehensive service before, during and after the real estate transaction.

Scott earned a B.A. and M.Ed. from James Madison University, providing him formal education in graphic design, management and counseling -- all of which he leverages on a daily basis to the benefit of his clients. Scott's graphic design and web development background allows him to create and leverage high caliber technology and marketing solutions.

In 2007, Scott began providing in depth analysis and insight into the local real estate market via his real estate blog, at HarrisonburgHousingToday.com.

In both 2010 and 2011, Scott was recognized by the Harrisonburg / Rockingham Association of Realtors as being in the top 1% of all area Realtors.

For more information, or with questions, contact:

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Local Online Real Estate Resources

Central Shenandoah Valley Property Search
<http://www.ScottPRogers.com>

Monthly Real Estate Market Reports
<http://www.HarrisonburgHousingMarket.com>

Ongoing Housing Market Analysis & Commentary
<http://www.HarrisonburgHousingToday.com>

Comprehensive Data on Harrisonburg Townhouse Communities
<http://www.HarrisonburgTownhouses.com>

New Home Communities
<http://www.HarrisonburgNewHomes.com>

Trustee Sales in Harrisonburg & Rockingham County
<http://www.HarrisonburgForeclosures.com>

Bank Owned Properties in Harrisonburg & Rockingham
<http://www.HarrisonburgREO.com>

Potential Short Sales in Harrisonburg & Rockingham County
<http://www.HarrisonburgShortSales.com>

Owner Financed Properties in Harrisonburg & Rockingham County
<http://www.HarrisonburgOwnerFinancing.com>

Lease/Purchase Properties in Harrisonburg & Rockingham County
<http://www.HarrisonburgLeasePurchase.com>

Property Transfers in Harrisonburg & Rockingham County
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